there is no certainty, but the Chancellor was able to tell the House that the last German Vote of Credit, which was estimated to carry them on to June or July, brings the total amount of all their Votes of Credit to £6200 millions, and that it is at least certain that that amount has been added to their War Debt, because their taxation during the war has not covered peace expenditure plus debt charge. Up to 1916 they imposed no new taxation. In 1916 they imposed a war increment tax, something in the nature of a capital levy, which is stated to have brought in £275 millions. They added also that year £25 millions nominally to their permanent revenue. In 1917 they added in addition £40 millions to their permanent revenue, " Assuming, therefore, that their estimates were realised, the total amount of new taxation levied by them since the beginning of the war comes to £365 millions, as against our £1044 millions. This £365 millions is not enough to pay the interest upon the War Debt which had been accumulated up to the *end* of the year."

Mr Bonar Law then proceeded to give an estimate of what the German balance-sheet will be a year hence on the same basis on which he had calculated ours. With regard to our position, he had calculated that on the present basis of taxation we shall have a margin of four millions at the end

of the present year if peace should then break out. As will be shown later, this estimate of his is somewhat optimistic, but at any rate our position, compared with that of Germany, may be described as